

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2012

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and where appropriate at the office of the parish clerk of court.

Release Date MAR 20 2013

CONTENTS

	PAGE
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3-7
INDEPENDENT AUDITORS' REPORT	8-9
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	10-11
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	12
STATEMENT OF CASH FLOWS	13-14
NOTES TO FINANCIAL STATEMENTS	15-24
REQUIRED SUPPLEMENTAL INFORMATION	
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL	25
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	26-27
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis

Within this section of the West Allen Parish Water District's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2012. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$1,229,548 (net position) and by \$1,236,865 for 2011
- Total revenues of \$357,536 were less than total expenditures of \$364,853, which resulted in a current year deficit of \$7,317, compared to a prior year surplus of \$37,347
- Total net position is comprised of the following
 - (1) Net investment in capital assets of \$872,837 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets
 - (2) Restricted for debt service of \$119,664
 - (3) Unrestricted net position of \$237,047
- At the end of the current fiscal year, unrestricted net position was 65% (89% for the prior year) of total expenditures and 66% (80% for the prior year) of total revenues
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include the financial statements and notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is presented.

Basic Financial Statements

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the current and long term portions of assets and liabilities separately. Total assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources is net position and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Cash Flow Statement presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Financial Analysis of the District as a Whole

The District's net position at fiscal year-end is \$1,229,548. The following table provides a summary of the District's net position.

	<u>2012</u>	<u>2011</u>
Assets		
Current assets	\$ 403,317	\$ 448,885
Capital assets	1,102,837	1,094,811
Other assets	<u>-</u>	<u>8,610</u>
Total assets	<u>\$ 1,506,154</u>	<u>\$ 1,552,306</u>
Deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>
Liabilities		
Current liabilities	\$ 97,606	\$ 85,441
Long-term liabilities	<u>179,000</u>	<u>230,000</u>
Total liabilities	<u>\$ 276,606</u>	<u>\$ 315,441</u>
Deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>
Net position		
Net investment in capital assets	\$ 872,837	\$ 816,811
Restricted	119,664	113,780
Unrestricted	<u>237,047</u>	<u>306,274</u>
Total net position	<u>\$ 1,229,548</u>	<u>\$ 1,236,865</u>

81% (66% for the prior year) of the District's net position is tied up in capital assets and restricted net position for capital assets. The District uses these capital assets to provide services to its customers.

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

The following table provides a summary of the District's changes in net position

	<u>2012</u>	<u>2011</u>
Operating Revenues	\$ 345,551	\$ 367,719
Nonoperating Revenues	<u>5,985</u>	<u>5,925</u>
Total Revenues	351,536	373,644
Depreciation Expense	56,384	54,623
Other Operating Expenses	299,061	276,448
Nonoperating Expenses	<u>9,408</u>	<u>11,226</u>
Total Expenses	<u>364,853</u>	<u>342,297</u>
Income (Loss) before Capital Contributions	(13,317)	31,347
Capital Contributions	<u>6,000</u>	<u>6,000</u>
Change in Net Position	(7,317)	37,347
Beginning Net Position	<u>1,236,865</u>	<u>1,199,518</u>
Ending Net Position	<u>\$ 1,229,548</u>	<u>\$ 1,236,865</u>

Capital Assets and Debt Administration

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2012, was \$1,102,837. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

	<u>2012</u>	<u>2011</u>
Nondepreciable assets-land	\$ 16,122	\$ 16,122
Construction in progress	<u>13,974</u>	<u>4,907</u>
	30,096	21,029
Depreciable assets		
Distribution system	1,932,870	1,932,870
Buildings	107,819	107,819
Equipment	<u>246,320</u>	<u>218,078</u>
Total depreciable assets	2,287,009	2,258,767
Less accumulated depreciation	<u>1,214,268</u>	<u>1,184,985</u>
Book value-depreciable assets	<u>\$ 1,072,741</u>	<u>\$ 1,073,782</u>
Percentage depreciated	53%	52%
Book value-all assets	<u>\$ 1,102,837</u>	<u>\$ 1,094,811</u>

WEST ALLEN PARISH WATER DISTRICT
Reeves, Louisiana

Management's Discussion and Analysis (Continued)

Long-Term Debt

At the end of the fiscal year, the District had total debt obligations outstanding of \$230,000. During the year, the District retired \$48,000 of the outstanding debt balance. See Note D for additional information regarding long-term debt.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's office, Mr. Samuel Dunnehoo, Manager at (337) 666-2589.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W GEORGE GRAGSON C P A
RICHARD W CASIDAY C P A
RAYMOND GUILLORY JR C P A
GRAHAM A PORTUS E A
COY T VINCENT C P A
MICHELLE LEE C P A
BRADLEY J CASIDAY C P A C V A
JULIA W PORTUS C P A
KATHRYN BLESSINGTON C P A
JACKLYN BRANEFF C P A

INDEPENDENT AUDITORS' REPORT

February 21, 2013

Board of Commissioners
West Allen Parish Water District
Reeves, Louisiana

We have audited the accompanying financial statements of the West Allen Parish Water District, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2012, as listed in the table of contents. These financial statements are the responsibility of the West Allen Parish Water District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the West Allen Parish Water District as of December 31, 2012, and the results of its operations and the cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Commissioners
West Allen Parish Water District
February 21, 2013
Page Two

In accordance with Government Auditing Standards, we have also issued our report dated February 21, 2013 on our consideration of West Allen Parish Water District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gragson, Casiday & Guillory

WEST ALLEN PARISH WATER DISTRICT

Statement of Net Position

December 31, 2012

	2012	2011
ASSETS		
Current Assets		
Cash	\$ 221,061	\$ 273,642
Receivables		
Accounts	27,742	28,089
Interest	473	163
Prepaid insurance	4,856	4,546
Restricted assets		
Bond sinking fund		
Cash	60,232	58,623
Bond contingency fund		
Cash	62,404	58,778
Interest receivable	71	34
Customer deposits		
Cash	26,478	25,010
Total Current Assets	403,317	448,885
Property, plant and equipment, at cost, net of accumulated depreciation of \$1,214,268 for 2012	1,102,837	1,094,811
Other assets		
Bond issue costs, net of accumulated amortization	-	8,610
TOTAL ASSETS	\$ 1,506,154	\$ 1,552,306
DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -

The accompanying notes are an integral part of these financial statements

	<u>2012</u>	<u>2011</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 17,085	\$ 8,776
Payable from restricted assets		
Current portion of revenue bonds	51,000	48,000
Accrued interest	3,043	3,655
Customer deposits	26,478	25,010
Total Current Liabilities	<u>97,606</u>	<u>85,441</u>
Long-term debt, net of current portion	179,000	230,000
TOTAL LIABILITIES	<u><u>\$ 276,606</u></u>	<u><u>\$ 315,441</u></u>
 DEFERRED INFLOWS OF RESOURCES	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>
 NET POSITION		
Net investment in capital assets	\$ 872,837	\$ 816,811
Net position - Restricted for debt service	119,664	113,780
Net position - Unrestricted	237,047	306,274
TOTAL NET POSITION	<u><u>\$ 1,229,548</u></u>	<u><u>\$ 1,236,865</u></u>

WEST ALLEN PARISH WATER DISTRICT

Statement of Revenues, Expenses
and Changes in Net Position

Year Ended December 31, 2012

	2012	2011
OPERATING REVENUES		
Charges for services	\$ 323,397	\$ 347,823
Miscellaneous revenue	22,154	19,896
TOTAL OPERATING REVENUES	<u>345,551</u>	<u>367,719</u>
OPERATING EXPENSES		
Advertising	1,086	1,355
Amortization - bond issuance costs	8,610	1,377
Bank charges	293	340
Depreciation	56,384	54,623
Dues	275	275
Insurance - general	27,203	25,855
Insurance - health	13,086	15,134
Miscellaneous	2,211	1,320
Office	10,533	10,631
Per diem	6,060	4,440
Postage	4,522	4,113
Professional fees	4,500	5,567
Retirement	2,740	5,687
Salaries	131,705	124,390
Supplies and maintenance	32,437	32,424
Taxes and licenses	4,730	5,365
Telephone	7,189	5,958
Training	2,258	2,060
Transportation	22,296	14,197
Uniforms	3,080	-
Utilities	14,247	15,960
TOTAL OPERATING EXPENSES	<u>355,445</u>	<u>331,071</u>
OPERATING INCOME (LOSS)	<u>(9,894)</u>	<u>36,648</u>
NON-OPERATING REVENUES (EXPENSES)		
Gain (loss) on sale	1,896	-
Interest income	4,089	5,925
Interest expense	(9,408)	(11,226)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(3,423)</u>	<u>(5,301)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	(13,317)	31,347
CAPITAL CONTRIBUTIONS	<u>6,000</u>	<u>6,000</u>
CHANGE IN NET POSITION	(7,317)	37,347
NET POSITION - BEGINNING	<u>1,236,865</u>	<u>1,199,518</u>
NET POSITION - ENDING	<u>\$ 1,229,548</u>	<u>\$ 1,236,865</u>

The accompanying notes are an integral part of these financial statements

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows

Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 345,302	\$ 369,723
Cash payments to suppliers for goods and services	(149,642)	(157,235)
Cash payments to employees for services	(131,705)	(124,390)
NET CASH FROM OPERATING ACTIVITIES	<u>63,955</u>	<u>88,098</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from customers	6,000	6,000
Purchase of fixed assets	(64,410)	(4,907)
Principal paid on revenue bonds	(48,000)	(46,000)
Interest paid on revenue bonds	(9,408)	(11,226)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(115,818)</u>	<u>(56,133)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-cash equivalents	-	(5,903)
Interest on investments	4,089	5,925
Proceeds from sale of non-cash equivalents	23,292	-
Proceeds from sale of fixed assets	1,896	-
NET CASH FROM INVESTING ACTIVITIES	<u>29,277</u>	<u>22</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,586)	31,987
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>191,666</u>	<u>159,679</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 169,080</u></u>	<u><u>\$ 191,666</u></u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	<u><u>\$ 10,020</u></u>	<u><u>\$ 11,813</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO TOTAL CASH		
Cash and cash equivalents	\$ 169,080	\$ 191,666
Non-cash equivalents	201,095	224,387
Total Cash	<u><u>\$ 370,175</u></u>	<u><u>\$ 416,053</u></u>

The accompanying notes are an integral part of these financial statements

Continued

WEST ALLEN PARISH WATER DISTRICT

Statement of Cash Flows - Continued

Year Ended December 31, 2012

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (9,894)	\$ 36,648
Net cash provided by operating activities		
Amortization	8,610	1,377
Depreciation	56,384	54,623
(Increase) decrease in		
Accounts receivable	347	2,004
Interest receivable	(347)	27
Prepaid insurance	(310)	(88)
Increase (decrease) in		
Accounts payable	8,309	(7,071)
Rent deposits	1,468	1,165
Accrued interest payable	(612)	(587)
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 63,955</u>	<u>\$ 88,098</u>

The accompanying notes are an integral part of these financial statements

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The West Allen Parish Water District was created by the Allen Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the rural area of West Allen Parish. The District is governed by a board of commissioners composed of seven members, five appointed by the Allen Parish Police Jury and two appointed by the Village of Reeves, LA.

1 Reporting Entity

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for West Allen Parish Water District. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2 Basis of Presentation

The accompanying financial statements of the West Allen Parish Water District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

GASB 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position is adopted for the year ended December 31, 2012. GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial elements, which are distinct from assets and liabilities. Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3 Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days, however, if the original maturities are 90 days or less, they are classified as cash equivalents.

4 Accounts Receivable

Uncollectible amounts due for accounts receivable are recognized as bad debts using the direct write-off method. Uncollectible amounts are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible. This method does not result in a charge to bad debts that are materially different from the amount that would be charged if the reserve method were used.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disaster or other calamity in this one concentrated geographic location.

5 Capital Assets

All fixed assets are valued at historical cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of each class of depreciable property is computed using the straight-line method. Estimated useful lives are as follows:

Distribution system	50 years
Office and shop building	10-15 years
Equipment	5-7 years

Continued

GRAGSON, CASIDAY & GUILLORE, L L P
CERTIFIED PUBLIC ACCOUNTANTS

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6 Compensated Absences

The District has the following policy relating to vacation and sick leave

- Vacation
- One week after 1 year of service,
 - Two weeks after 2 years of service,
 - Three weeks after 10 years of service,
 - Four weeks after 15 years of service,

- Sick Leave - 10 days per year,
- Maximum of 30 days may be carried over to the next year

The District's recognition and measurement criterion for compensated absences follows

GASB Statement No 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met

- a The employees' rights to receive compensation are attributable to services already rendered
- b It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement

GASB Statement No 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches

- a An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals
- b Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments

At December 31, 2012, the District did not have an accrual for compensated absences

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7 Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$169,080 which represents unrestricted and restricted amounts of \$46,117 and \$122,963 respectively.

8 Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level. The budget was amended once during the year.

9 Net Position

In the financial statements, equity is classified as net position and displayed in three components:

- a Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c Unrestricted net position– All other net position that does not meet the definition of "restricted" or "net investment in capital assets"

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

10 Bond Issuance Costs

In accordance with GASB 65, adopted by the District for the year ended December 31, 2012, previously deferred revenue bond issuance costs of \$8,610 have been reclassified as a current year expense

11 Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12 Subsequent Events

Management has evaluated subsequent events through February 21, 2013, the date the financial statements were available to be issued.

13 Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE B - CASH DEPOSITS

At December 31, 2012, the District has cash balances (book balances) totaling \$370,175 as follows

Demand deposits	\$ 51,500
Interest-bearing demand deposits	117,580
Time deposits	<u>201,095</u>
Total	<u>\$ 370,175</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2012, the District has \$379,694 in deposits (collected bank balances). These deposits are secured from risk by \$311,019 of federal deposit insurance and \$68,675 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

NOTE C - PROPERTY, PLANT AND EQUIPMENT

A summary of changes in property, plant and equipment for the year ended December 31, 2012 are as follows

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Distribution system	\$ 1,932,870	\$ -	\$ -	\$ 1,932,870
Office and shop building	107,819	-	-	107,819
Equipment	218,078	55,343	27,101	246,320
Construction in progress	4,907	9,067	-	13,974
Land	<u>16,122</u>	<u>-</u>	<u>-</u>	<u>16,122</u>
	2,279,796	<u>\$ 64,410</u>	<u>\$ 27,101</u>	2,317,105
Less accumulated depreciation	<u>1,184,985</u>			<u>1,214,268</u>
TOTALS	<u>\$ 1,094,811</u>			<u>\$ 1,102,837</u>

Depreciation expense was \$56,384 for the year ended December 31, 2012

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE C – PROPERTY, PLANT AND EQUIPMENT - CONTINUED

Construction in progress of \$13,974 at December 31, 2012 represents costs to date of the water system improvement project. The District's cost is expected to be approximately \$5,892,000 and completion is expected by mid year 2013. The project will be funded by a 40 year loan from the USDA in the amount of \$3,440,000 with an interest rate of 3.375% and a grant in the amount of \$2,452,000. In addition, loan proceeds will be used to pay off prior debt of \$230,000. At loan closing, water rates are expected to increase to assist in funding of debt.

NOTE D - LONG-TERM DEBT

The following is a summary of bond transactions of the District for the year ended December 31, 2012.

Bonds payable, Beginning	\$ 278,000
Bonds retired	<u>48,000</u>
Bonds payable, Ending	<u>\$ 230,000</u>

Bonds payable at December 31, 2012 are comprised of the following individual issues:

Revenue bonds

\$145,000 Revenue Bonds dated 8/1/03, due in annual installments of \$16,000 - \$19,000 through March 1, 2013, interest at 3.5%	\$ 19,000
---	-----------

\$440,000 Revenue Bonds dated 10/1/03, due in annual installments of \$28,000-\$39,000 through March 1, 2018, interest at 4.0%	<u>211,000</u>
--	----------------

TOTAL DEBT	230,000
------------	---------

Less currently payable	<u>51,000</u>
------------------------	---------------

LONG-TERM DEBT	<u>\$ 179,000</u>
----------------	-------------------

Continued

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE D - LONG-TERM DEBT - CONTINUED

The annual requirements to amortize all debts outstanding as of December 31, 2012 are as follows

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 51,000	\$ 8,133
2014	33,000	6,500
2015	34,000	5,160
2016	36,000	3,760
2017	37,000	2,300
2018	39,000	780

The revenue bonds are to be retired from revenues derived from the operations of the District

NOTE E - COMPONENTS OF RESTRICTED NET POSITION

	<u>Revenue Bond Sinking</u>	<u>Revenue Bond Contingency</u>	<u>Customer Deposits</u>	<u>Totals</u>
Cash and interest receivable	<u>\$ 60,232</u>	<u>\$ 62,475</u>	<u>\$ 26,478</u>	<u>\$ 149,185</u>

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond contingency" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

The amount of net position reserved for debt service is detailed as follows

Restricted assets - revenue bond sinking and contingency funds	\$ 122,707
Less Accrued interest, payable from restricted assets	<u>3,043</u>
Net position reserved for debt service	<u>\$ 119,664</u>

WEST ALLEN PARISH WATER DISTRICT

Notes to Financial Statements

December 31, 2012

NOTE F - RETIREMENT COMMITMENTS

The District contributed to a pension plan through the National Rural Water Association (NRWA) for all eligible employees through September 20, 1999. On September 20, 1999, NRWA discontinued sponsorship of the plan and the District terminated the plan on that date. The District approved continued contributions to individual retirement accounts of all previously eligible employees as defined under the terminated plan. These contributions are on-behalf payments to which the District is not legally responsible. Total payroll for the District was \$131,705 and total payroll for covered employees was \$39,141.

The District may contribute up to 10.0% of covered compensation. Total contributions made by the District were \$2,740.

Eligibility requirements consist of minimum age of 21, twelve months of service and 1,000 hours worked. Participants are immediately fully vested.

NOTE G - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Per diem paid commissioners for the year ended December 31, 2012 were as follows:

Baggett, Marvin	\$ 840
Cowart, Randal	600
Fontenot, Michael	840
Johnson, Jeffery	840
Reeves, Jr. William	960
Ritter, Carl	1,020
Willis, Kevin	960
	<u>\$ 6,060</u>

NOTE H - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

WEST ALLEN PARISH WATER DISTRICT

Statement of Revenues, Expenses and Changes in
Net Position - Budget and Actual

Year Ended December 31, 2012

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 340,000	\$ 340,000	\$ 323,397	\$ (16,603)
Miscellaneous revenue	18,000	18,500	22,154	3,654
TOTAL OPERATING REVENUES	<u>358,000</u>	<u>358,500</u>	<u>345,551</u>	<u>(12,949)</u>
OPERATING EXPENSES				
Advertising	850	1,300	1,086	214
Amortization	-	1,400	8,610	(7,210)
Bank charges	-	600	293	307
Depreciation	63,000	55,000	56,384	(1,384)
Dues	275	275	275	-
Insurance - general	27,000	27,000	27,203	(203)
Insurance - health	17,500	11,000	13,086	(2,086)
Miscellaneous	1,000	1,100	2,211	(1,111)
Office	6,000	9,100	10,533	(1,433)
Per diem	5,500	6,000	6,060	(60)
Postage	4,000	4,300	4,522	(222)
Professional fees	4,500	4,500	4,500	-
Retirement	5,000	4,400	2,740	1,660
Salaries	127,000	127,000	131,705	(4,705)
Supplies and maintenance	30,000	26,000	32,437	(6,437)
Taxes and licenses	5,000	7,000	4,730	2,270
Telephone	6,000	7,000	7,189	(189)
Training	4,000	2,300	2,258	42
Transportation	15,000	21,000	22,296	(1,296)
Uniforms	2,300	3,000	3,080	(80)
Utilities	17,000	15,000	14,247	753
TOTAL OPERATING EXPENSES	<u>340,925</u>	<u>334,275</u>	<u>355,445</u>	<u>(21,170)</u>
OPERATING INCOME (LOSS)	<u>17,075</u>	<u>24,225</u>	<u>(9,894)</u>	<u>(34,119)</u>
NON-OPERATING REVENUES (EXPENSES)				
Gain (loss) on sale	-	-	1,896	1,896
Interest income	6,000	3,800	4,089	289
Interest expense	(12,000)	(10,000)	(9,408)	592
Capital contributions	-	-	6,000	6,000
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(6,000)</u>	<u>(6,200)</u>	<u>2,577</u>	<u>8,777</u>
CHANGE IN NET POSITION	11,075	18,025	(7,317)	(25,342)
NET POSITION - BEGINNING	<u>1,236,865</u>	<u>1,236,865</u>	<u>1,236,865</u>	<u>-</u>
NET POSITION - ENDING	<u>\$1,247,940</u>	<u>\$1,254,890</u>	<u>\$1,229,548</u>	<u>\$ (25,342)</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W GEORGE GRAGSON C P A
RICHARD W CASIDAY C P A
RAYMOND GUILLORY JR C P A
GRAHAM A PORTUS E A
COY T VINCENT C P A
MICHELLE LEE C P A
BRADLEY J CASIDAY C P A C V A
JULIA W PORTUS C P A
KATHRYN BLESSINGTON C P A
JACKLYN BRANEFF C P A

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

February 21, 2013

Board of Commissioners
West Allen Parish Water District
Reeves, Louisiana

We have audited the financial statements of the West Allen Parish Water District as of and for the year ended December 31, 2012, and have issued our report thereon dated February 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of West Allen Parish Water District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered West Allen Parish Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Allen Parish Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Allen Parish Water District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Board of Commissioners
West Allen Parish Water District
February 21, 2013
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Allen Parish Water District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.

West Allen Parish Water District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit West Allen Parish Water District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

WEST ALLEN PARISH WATER DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

1 Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting

- Material weakness(es) identified? _____ yes X no
- Control deficiencies identified that are not considered to be material weakness(es)? _____ yes X no

Noncompliance material to financial statements noted? _____ yes X no

2 Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

Finding 2012-01:

Budgetary Authority and Control

Condition Inadequate budgeting procedures resulted in expenditures being over budget by 5% or more (6 3%)

Criteria Inadequate budgeting procedures

Effect Violations of Louisiana Revised Statute 39 1310

Cause Administrative lack of oversight The budget was amended once during the year, however, a violation still occurred

Recommendation The District should review actual revenues and expenditures on an interim basis and amend the budget if necessary

Corrective Action Planned The District agrees with the finding and will implement the recommendations The current year violation was an isolated occurrence The occurrence is directly related to amortization expense and the adoption of GASB 65 during the current year

3 Findings and Questioned Costs for Federal Awards

N/A

4 Prior Year Findings

None